Before the Federal Communications Commission
Washington DC 20554
March 31, 2012

In the Matter of	)	
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Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	WC Docket No. 12-23
Advancing Broadband Availability Through Digital Literacy Training	)	

Comments of the American Association of School Administrators and the Association of Educational Service Agencies

<u>Introduction</u>

On behalf of the *American Association of School Administrators (AASA)*, representing more than 13,000 public school superintendents and local educational leaders and the *Association of Educational Service Agencies (AESA)*, representing 553 collaborative education service agencies in 45 states, we would like to applaud the FCC for their continued support for and leadership of the E-Rate program, a program that provides critical discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and internet access. Both AASA and AESA have worked to preserve and protect the legislative intent of the E-Rate program, as created in the Telecommunications Act of 1996. AASA and AESA have actively filed on countless Federal Communications Commission (FCC) rulemakings related to the program. We remain focused on preserving the E-Rate program to ensure the continued availability of discounts for telecommunications and internet to the nation's schools and libraries.

AASA and AESA are filing these comments in response to the FCC's recent Further Notice of Proposed Rule Making (FNPRM), which proposes to modernize the Universal Service Fund's (USF's) Lifeline program. The FNPRM also includes a proposal to create a Digital Literacy pilot program (pilot), which would fund schools and libraries operating digital literacy training courses. As outlined, the pilot would run for four years, cost of $50 million and would distribute 80 percent of funds to libraries and 20 percent of funds to schools. Lastly, the FNPRM proposes three options for administering the pilot: within the USF Low Income program; though the E-Rate program; or establishing a separate program within the USF. Our concerns can be generalized in two questions: how will the pilot be paid for and how will it be administered?

In response to the Notice and these two central issues, AASA and AESA files these comments, centered around five key points:

1. Digital Literacy is—and should be—both a concern and a priority as the FCC moves forward with its efforts to expand and implement the National Broadband Plan. We support the Digital Literacy Corps pilot project (Pilot) as a way for the FCC to expand digital literacy for communities.
2. We strongly support the FCC's proposal that the Pilot be funded through either the High Cost or Lifeline component of the Universal Service Fund and not from the already overprescribed E-Rate program.
3. The pilot should not be administered through the E-Rate program. Running the Pilot through the E-Rate Program poses a host of legal and administrative concerns, including: requiring changing the E-rate's Eligible Services List; adding services to the E-rate Eligible Services List that do not support telecommunications services, Internet access, or internal connections; burdening the processing of E-Rate applications and appeals processes; and creating a very difficult audit situation.
4. We oppose the running the pilot funds through federal agencies that administer non-USF programs. We are concerned this sets a precedent for mixing non-tax USF dollars with tax (regular treasury) dollars, potentially changing the legal character of universal service funds.
5. We believe the pilot should be administered though either Lifeline or High Cost, or some other way. We believe that agreements could be fashioned between the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) to provide relevant information regarding potentially eligible schools and libraries for purposes of administering the pilot.

Discussion of AASA and AESA's Response

Digital literacy is an issue. Over the last 30 years, changes in technology and computers have changed the way we think about—and engage in—literacy (both reading and writing). Expanded access to digital literacy has translated into an exponentially larger pool of information that is both convenient and readily accessible, a source that supports communication, collaboration and sharing of information, knowledge and learning. No longer is it enough for learners of all ages to be able to read, write and calculate; they must also be able to make use of computing devices, navigate the online world, engage with digital content, and possess 21st Century skills such as critical thinking, collaboration, and creativity in an electronic environment. As the FNPRM points out, citizens that are not digitally literate cannot access critical government information and services, engage in e-Commerce and, in many cases, apply for jobs. We know that many k-12 students that lack digital literacy skills are at a significant disadvantage compared to their tech savvy peers when it comes to research and homework assignments. As such, AASA and AESA support the FCC's interest in supporting digital literacy programs. The digitization of communication—from word processing and community sharing to education and social media—represents a huge potential for global access to knowledge. Digital technologies support this global, intercultural exchange, an exchange that is rendered useless if the general population is digitally illiterate. The proposed pilot would leverage a federal investment to support increased digital literacy, recognizing the crucial need to build a bridge to the global network of digital information. AASA and AESA believe the pilot could help those in need of developing digital literacy skills, particularly key groups such as the low income population and America's senior citizens.

We strongly support the FCC's proposal that the pilot be funded through either the High Cost or Lifeline component of the Universal Service Fund, and not the E-Rate program. We commend the FCC for not considering the already oversubscribed E-Rate program to fund the proposed pilot. As the Commission knows well, the E-rate program's $2.25 billion annual cap (adjusted annually for inflation), is inadequate to meet the demands for current program-eligible services. In fact, last year demand for E-rate support reached $4.3 billion— outstripping available funds by more than $2 billion. Additionally, as demand for Priority 1 services continues to mount steadily there is increasing concern that the program will lack sufficient resources—as soon as this year or in the very near future—to support Priority 2 services requests from the poorest of schools, including those eligible for the 90 percent discount. Thus, any incursion on the E-rate program – whether it be from a new service, a new class of applicants, or a new program (as the proposed pilot would be) – would significantly destabilize the program. For these reasons, we strongly opposes any significant E-Rate program funding changes for purposes that fall beyond the legislative intent of the program, no matter how meritorious.

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- Administrative Processing Burden: The E-Rate program is functioning at full capacity, processing thousands of applications and appeals annually, as well as engaging in applicant audits, site visits and other program integrity and outreach activities. While the E-Rate program is to be commended for its functionality and processing capacity, it is unreasonable to expect the E-Rate program to absorb the administration of a second program, especially when current demand for E-Rate exceeds program funds. We are concerned that administering the pilot through the E-Rate program would be at the expense of both and could negatively impact E-Rate processing.
- Dangerous Precedent: Administering the pilot through E-Rate sets a dangerous precedent as it relates to using E-Rate funds for non-telecommunications services. Currently, the E-Rate eligible services list is limited in its scope as it relates to non-telecommunications services beyond internal connections. Administering the pilot would require expanding the types of Eligible Services the E-Rate program currently supports. The FNPRM suggests that if E-Rate were to become the pilot's administrator, the Eligible Services list would have to be updates to incorporate pilot-related services (including labor costs for trainers and staff, curriculum content development, administrative costs, marketing and volunteer recruitment). All of these services are *non-telecommunications services,* however crucial to the pilot. AASA and AESA have long expressed concern about expanding the eligible services list for E-Rate given the high unmet demand for the program and its funding cap. We find that running the pilot, which has implications for connectivity beyond the scope of E-Rate's eligible services list, through the E-Rate program to be a 'conflict of interest', pitting the important work of digital literacy against the long-standing priorities and requirements of E-Rate (including the eligible services). Beyond the fact that the proposed expansion lacks statutory and program policy bases, we are deeply concerned that if such services were included in the Eligible Services List, it could open the door to arguments from applicants and vendors that other, currently prohibited non-telecommunications services should receive support, as well. We unfortunately anticipate this occurring even if efforts are made to segregate the pilot's services within the Eligible Services List. With E-rate unable to satisfy oversubscribed demands for currently eligible services, we believe that encroaching on current precedent could have very negative ramifications for the program as a whole. Therefore, we strongly urge the Commission to seek another vehicle for administering the pilot.
- Oversight Burden: Tying the two previous bullets together, and reflecting on the history of charges related to 'waste, fraud and abuse' within E-Rate, AASA and AESA are concerned that administering the pilot through E-Rate sets up both programs, the schools and libraries using E-Rate dollars, and any site receiving pilot funds for a dangerous audit situation. It would be almost impossible to enforce or guarantee that minimum hours requirements are met. We note that, with E-rate, it has become relatively simple to trace equipment and service purchases and installations through invoices and receipts. Under the pilot, however, it would prove almost impossible for the

Schools and Libraries Division (SLD) to monitor whether trainings did or did not occur. Moreover, with the Commission proposing to provide no more than $10,500 per application, the labor and travel costs of site-visits and audits would quickly eclipse the value of the grants. Lastly, it is clear that the effort required to monitor and audit the pilot would negatively impact the SLD's E-rate integrity efforts. Less time and resources available for E-rate integrity, including ensuring waste, fraud or abuse does not occur, will either mean much longer wait times for audit completion or fewer audits.

We oppose the running the pilot funds through federal agencies that administer non-USF programs. We are concerned this sets a precedent for mixing non-tax USF dollars with tax (regular treasury) dollars, potentially changing the legal character of universal service funds. The USF programs, which fund both E-Rate and the proposed Pilot, are non-tax dollars. They are collected outside of the annual federal tax process and are processed separately from the regular treasury dollars. As much as we caution the FCC from using E-Rate to fund or administer the Pilot, we encourage the FCC to keep the Pilot within the USF or as a standalone program separate from regular treasury/tax dollars. We are unclear regarding the effect on the non-tax status of universal service funds of sending those dollars to another agency's account, which would include federal tax dollars. Comingling tax and non-tax dollars may have unintended consequences, including losing non-tax funds to across-the-board budget cuts, as may occur at the end of this year, or shifting them to other uses. Moreover, the very act of moving universal service funds to another federal agency may set a precedent of universal service dollars being tapped to subsidize other federal programs.

We believe the pilot should be administered though either Lifeline or High Cost, or some other way. We believe that agreements could be fashioned between the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) to provide relevant information regarding potentially eligible schools and libraries for purposes of administering the pilot. We think the pilot could feasibly be funded and administered through an existing USF program (either Lifeline or High Cost) or as a separate, standalone program within USF. This is consistent with the FCC's proposal to not use E-Rate dollars, mitigates our concerns related to administering the Pilot through E-Rate, and avoids the blending of tax and non-tax dollars. The best option for identifying an appropriate administrator for the pilot is for the FCC to establish a digital literacy training program within the Lifeline program. We believe that the establishment and management of the program fit logically within the Lifeline program.

Additional Questions & Concerns

As the FCC moves forward in considering the proposed Pilot, we submit the following questions and concerns for consideration:

- As the primary group of school and library groups collectively advocating for E-Rate, we believe E-Rate resources (both fiscal and administrative) should not be diverted from the program's primary focus: improving school connectivity. AASA and AESA remain committed to safeguarding the E-Rate program's legislative intent, and we are concerned with how the FCC's proposed pilot would co-mingle E-Rate funds with non-E-Rate programs.
- How would the FCC support the implementation of a new program over an existing program?
- Under the proposed pilot, the split between schools and libraries is 20/80. We are curious as to how this split was identified and for what reasons? While we do not want to use E-Rate dollars to run the pilot, we do think that schools—as community centers—may have a larger role to play in some communities and that the low split (20 percent) could prohibit some communities from participating in the pilot.
- Why wouldn't the FCC itself consider running the pilot, since it is an FCC proposal? Specifically, this is in reference to the LOGO program, which is already run by the FCC. We see similarities between

LOGO and the pilot and think it could help the FCC avoid the concerns we articulated above, related to administering the Pilot through existing USF programs, co-mingling tax and non-tax dollars, etc…

- Why is the pilot limited to areas not already running digital literacy programs? While an argument could be made that it is because the pilot is funded at such a low level, we have several responses:
    - Start up of a new program is often times more expensive that expanding or supplementing an existing program. As such, we are concerned that a hyper-focus on new programs would tie up limited pilot dollars in overhead-related expenses.
    - Excluding current digital literacy programs from applying for the pilot is punishment to those communities and entities who acted in good faith to address local need.
    - We are concerned that the limit to new programs would exclude the experience and knowledge of experts already engaged in digital literacy programs.
    - If the goal of the pilot is to facilitate and grow the number of digital connectors, we think it should be robust in supporting both new and scale-up program awards.
- We understand the limited resources available to the FCC, USF and the pilot. That said, we have concerns related to the funding structure of the pilot:
    - First, the specified award amount means that communities of all scope, size and capacity will receive the same funding amount, regardless of existing structure and capacity. More succinctly, we think the inability of the program awards to reflect higher-cost areas will act as a disincentive for applying. The FCC may want to consider giving larger—though fewer—grants so entities can more appropriately invest in all of the items required to run a successful Digital Literacy training program.
    - Second, the matching requirement is a very real obstacle. The FNPRM suggests that applicants provide a $4,500 per year match for the $10,500 award that the Commission proposes to provide. If implemented, this approximately 30% match would require 90% eligible E-rate applicants, who are only required to pay 10% of E-rate supported services, to pay three times more out of their own pockets to receive digital literacy funds. Even in the best of fiscal times (which these are not) state and local resources are so strapped that securing a funding match often precludes interested entities from being eligible to apply. We urge the FCC to consider reducing or eliminating the match.

Conclusion

AASA and AESA applaud the Commission for proposing the Digital Literacy Training pilot program. We appreciate the Commission's efforts to protect the already oversubscribed E-Rate program by not supporting the pilot with the E-Rate's resources. We urge the Commission to implement and administer the Digital Literacy Training pilot program by creating a program within the existing Lifeline program or a separate program yet to be identified. These options will greatly reduce the likelihood of significant administrative disruption to the E-rate program's applications, administration and appeals processes, as well as prevent the possibility of establishing troubling precedents on uses of E-rate program that fall outside its established legislative intent.

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